

111TH CONGRESS
1ST SESSION

H. R. 2198

To amend the Internal Revenue Code of 1986 to provide a shorter recovery period for the depreciation of certain systems installed in nonresidential real property or residential rental property.

IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 2009

Ms. BEAN (for herself and Mr. HOEKSTRA) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a shorter recovery period for the depreciation of certain systems installed in nonresidential real property or residential rental property.

1 Be it enacted by the Senate and House of Represent
2 tives of the United States of America in Congress assem

3 **SECTION 1. RECOVERY PERIOD FOR DEPRECIATION OF**
4 **CERTAIN SYSTEMS INSTALLED IN NONRESI-**
5 **DENTIAL AND RESIDENTIAL RENTAL BUILD-**
6 **INGS.**

7 (a) 20-YEAR RECOVERY PERIOD FOR HIGHLY EFFI-
8 CIENT HVAC&R EQUIPMENT.—Subparagraph (F) of sec-

1 tion 168(e)(3) of the Internal Revenue Code of 1986 (relating to 20-year property) is amended to read as follows:

3 “(F) 20-YEAR PROPERTY.—The term ‘20-year property’ means—

5 “(i) initial clearing and grading land improvements with respect to any electric utility transmission and distribution plant, and

9 “(ii) any property—

10 “(I) which is part of a heating, ventilation, air conditioning, or commercial refrigeration system,

13 “(II) which exceeds by at least 10 percent the applicable minimum performance standard for such system or component under the National Appliance Energy Conservation Act of 1987 or the Energy Policy Act of 1992 (as such Acts are in effect on the date that such property is placed in service and taking into account any changes to the American Society of Heating, Refrigerating and Air-conditioning Engineers Standard 90.1

1 which have been adopted by the De-
 2 partment of Energy as of such date),

3 `` (III) which is installed on or in
 4 a building which is nonresidential real
 5 property or residential rental prop-
 6 erty,

7 `` (IV) the original use of which
 8 commences with the taxpayer (the
 9 owner or lessor in the case of residen-
 10 tial rental property), and

11 `` (V) which is placed in service
 12 before January 1, 2013.``

13 (b) 25-YEAR RECOVERY PERIOD.—Section 168(e)(3)

14 of such Code is further amended by inserting after su
 15 paragraph (F) the following new subparagraph:

16 `` (G) 25-YEAR PROPERTY.—The term ‘25-
 17 year property’ means any property—

18 `` (i) which is part of a heating, ven-
 19 tilation, air conditioning, or commercial re-
 20 frigeration system,

21 `` (ii) which is not described in sub-
 22 paragraph (F),

23 `` (iii) which is installed on or in a
 24 building which is nonresidential real prop-
 25 erty or residential rental property,

1 ``(iv) the original use of which com-
 2 mences with the taxpayer (the owner or
 3 lessor in the case of residential rental
 4 property), and
 5 ``(v) which is placed in service before
 6 January 1, 2013.''.
 7

8 (c) CONFORMING AMENDMENTS.—

9 (1) The table contained in section 168(c) of
 10 such Code is amended by inserting after the item re-
 11 lating to 20-year property the following new item:

12 ``25-year property 25 .years''.....

13 (2) The table contained in section 467(e)(3)(A)
 14 of such Code is amended by inserting after the ite-
 15 relating to residential rental property and nonre-
 16 dential real property the following new item:

17 ``25-year property 25 .years''.....

18 (d) REQUIREMENT TO USE STRAIGHT LINE METH-

19 OD.—Paragraph (3) of section 168(b) of such Code (relat-
 20 ing to property to which straight line method applies
 21 amended by redesignating subparagraphs (F), (G), (H),
 22 and (I) as subparagraphs (G), (H), (I), and (J), resp-
 23 tively, and by inserting after subparagraph (E) the
 24 following new subparagraph:

25 ``(F) Property described in subsection
 26 (e)(3)(F)(ii) and subsection (e)(3)(G).''.

1 (e) ALTERNATIVE SYSTEM.—The table contained in
 2 section 168(g)(3)(B) of such Code is amended by striking
 3 the items relating to subparagraph (F) and inserting
 4 following new items:

“(F)(i)	20.....
“(F)(ii)	20.....
“(G)	25’!’.....

5 (f) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to property placed in service
 7 December 31, 2008.

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